

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 EB-08 COME-00 L-03 XMB-04 CIAE-00

INR-07 NSAE-00 TRSE-00 /033 W

-----290851Z 037529 /22

R 282110Z APR 77

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 5053

UNCLAS LA PAZ 3151

E.O. 11652: N/A

TAGS: BDIS BL

SUBJ: PROTEBOL

REF: A. STATE 90186, B. LA PAZ 2526, C. STATE 74537

1. EMBASSY CONTACTED FCIA'S LAWYER DR LUIS DE LA REZA AND MR MOSCOSO, MANAGER, COCHABAMBA BRANCH OF BANCO DEL ESTADO. IN ADDITION, DURING MR LUKE'S RECENT VISIT TO BOLIVIA, COMMATT SPOKE VIA TELEPHONE WITH MR RILEY.

2. THERE EXISTS CONFUSION. COMMATT VIA TELEPHONE ASKED RILEY TO COMMENT ON LUKE'S BUSINESS RELATIONSHIP WITH BUSONEY AND PROTEBOL. RILEY ADVISED THAT MR LUKE IS AN INDEPENDENT BUSINESSMAN AND NOT EMPLOYED BY NOR REPRESENTING PROTEBOL, CONTRARY TO INFORMATION RPROVIDED IN STATE 74537 IN WHICH WE WERE ADVISED THAT LUKE IS FUTURE RESIDENT GENERAL MANAGER OF PROTEBOL. FURTHER, MR MOSCOSO AND MR DE LA REZA ARE BOTH OF OPINION THAT MR LUKE'S INTEREST IN PROTEBOL IS TO ARRANGE TO PURCHASE PROTEBOL'S ASSETS.

3. MR MOSCOSO AT REQUEST OF LUKE, POSTPONED FOR TWO WEEKS LEGAL ACTION AGAINST PROTEBOL PENDING RECEIPT OF INFORMATION AS TO PURCHASING OF PROTEBOL'S ASSETS. AS MR LUKE DID NOT SUBMIT AN OFFER TO MR MOSCOSO TO ACQUIRE PROTEBOL, BANCO DEL ESTADO HAS RESUMED LEGAL ACTION. THIS IS A DISAPPOINTMENT TO BANCO AS MOSCOSO CONSIDERED LUKE A SERIOUS BUSINESSMAN.

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4. LUKE ALSO ADVISED DE LA REZA OF HIS INTEREST IN PURCHASING PROTEBOL'S ASSETS.

5. BANCO DEL ESTADO HAS COURT'S PERMISSION TO SELL PROTEBOL'S CHEMICALS DUE TO SHELF LIFE RESTRICTIONS. IN RESUMING LEGAL ACTION, MOSCOSO ADVISED THAT JUDGE PROMISED TO RESET AUCTION DATE BY MAY

10, 1977. EXACT AUCTION DATE IS UNKNOWN.

6. APPEARS POSTPONEMENT OF AUCTION DATE FROM APRIL 10, 1977 TO AN UNKNOWN DATE IS TO GIVE TIME TO CREDITORS TO EVALUATE BANCO'S REPORT ON EVALUTION OF PROTEBOL'S PROPERTY. THIS REPORT SETS PROPERTY VALUE AT 6,812,200 BOLIVIAN PESOS, EQUIVALENT TO US\$ 340,600. ALL CREDITORS MUST AGREE WITH EVALUATION SET BY BANCO'S REPORT. IF A CREDITOR OR CREDITORS DISAGREE BECAUSE VALUE IS EITHER TOO LOW OR HIGH, THEN COURT WILL PERMIT CREDITORS TO SUBMIT INDEPENDENT EVALUATION. THE COURT WILL THEN APPOINT ARBITRATOR TO SET VALUE. IF CREDITORS DISAGREE WITH BANCO'S REPORT, WHICH WAS ISSUED THIS WEEK, DATE OF AUCTION WILL BE BASED UPON COURT'S RECEIPT OF ARBITRATOR'S REPORT.

7. MOSCOSO ADVISED LUKE THAT TOTAL OF OUTSTANDING PROTEBOL OBLIGATIONS IS 7,900,000 BOLIVIAN PESOS, EQUAL TO US \$ 395,000.

8. EMBASSY COMMENTS. IT APPEARS THAT AUCTION WILL OCCUR BUT INITIALLY BIDS WILL NOT BE SUBMITTED AS EVALUATION FIGURE IS VERY HIGH. COURT WILL CONTINUE TO ATTEMPT TO AUCTION PROTEBOL AND AT EACH NEW AUCTION, EVALUATION FIGURE WILL BE REDUCED BY TEN PERCENT. AT SOME UNKNOWN FUTURE DATE WHEN SOMEONE IS OF OPINION THAT PRICE IS RIGHT, AUCTION WILL BE COMPLETED. IN INTERIM, ANYONE CAN NEGOTIATE TO PURCHASE ASSETS FROM BANCO DEL ESTADO. AGAIN WE SUGGEST THAT BUSONEY HIRE LOCAL LEGAL REPRESENTATIVE TO FOLLOW EVENTS.  
STEDMAN

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Margaret P. Grafeld  
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